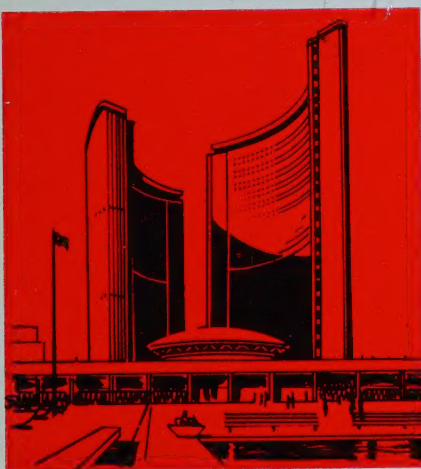


AR39



# 1966 ANNUAL REPORT

The Goodyear Tire & Rubber Company of Canada, Limited

## THE COVER

To celebrate the Canadian Centennial, one of Goodyear's airships will visit Canada. On our cover it flies over three key cities identified by their landmarks. From left: Toronto's City Hall, Place Ville Marie in Montreal and the Parliament Buildings in Ottawa.



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## The Goodyear Tire & Rubber Company of Canada, Limited

### Board of Directors

R. C. BERKINSHAW, C.B.E., *Toronto*  
P. P. DAIGLE, *Montreal*  
R. DEYOUNG, *Akron*  
W. E. ECCLESTONE, *Toronto*  
LOUIS A. LAPOINTE, *Montreal*  
A. DEANE NESBITT, O.B.E., D.F.C., *Montreal*  
BRUCE M. ROBERTSON, *Akron*  
L. E. SPENCER, *Toronto*  
R. V. THOMAS, *Akron*

TELEPHONE  
251-4111

ANTHONY COMPARE

DIRECTOR OF PUBLIC RELATIONS  
THE GOODYEAR TIRE & RUBBER COMPANY  
OF CANADA, LIMITED  
TORONTO

### Officers

SPENCER, *President and General Manager*  
ECCLESTONE, *Executive Vice President and General Manager,  
Tire Products Division*  
BRUNDAGE, *Vice President — Finance*  
MACNEILL, *Vice President and General Manager,  
General Products Division*  
TURNER, *Vice President — Tire Sales*  
MOON, *Vice President — Tire Production*  
D. C. CARLISLE, *Treasurer*  
K. E. KENNEDY, Q.C., *Secretary and General Counsel*  
D. F. CATTO, *Comptroller*  
A. E. ROBINETTE, Q.C., *Assistant Secretary*  
C. E. CLARKE, *Assistant Treasurer*  
C. W. J. EVANS, *Assistant Comptroller*  
R. D. COPELAND, *Assistant Comptroller*

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## **Annual Report of the Directors**

To the Shareholders:

The consolidated balance sheet of the Company and its subsidiaries as of December 31, 1966 and the consolidated statements of profit and loss and earned surplus showing the results of operations for the year, together with the report of the Company's auditors, Price Waterhouse & Co., are submitted herewith.

The consolidated net income for the year amounted to \$4,533,743 or \$16.63 per common share, as compared with \$2,281,745 or \$7.86 per common share for the year 1965.

Dividends on common stock, totalling \$6.00 per share and amounting to \$1,543,560 were paid during the year. Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares.

Total compensation paid to employees during the year aggregated \$41,118,688 as compared with \$34,609,952 for the year 1965. In addition, costs of the Company's pension, hospitalization, group insurance and related benefits totalled \$4,695,734 as compared with \$3,797,850 for the year 1965.

Taxes and duties of all kinds provided in 1966 totalled \$16,120,319, equivalent to \$62.66 per share of issued common stock as compared with \$12,351,439 or \$48.01 per share in 1965.

Capital expenditures during the year for expansion, improvements and replacements of property totalled \$17,228,253 and depreciation amounted to \$4,225,032.

Working capital amounted to \$20,316,265 and the ratio of current assets to current liabilities is 1.5 to 1 compared with 2.2 to 1 at the end of 1965.

Demand for Goodyear tires and the thousands of other products manufactured by the Company resulted in our production facilities operating at or near capacity throughout the year.

Research and development programs made possible the introduction of new and improved products; record capital expenditures continued to aid our plants and distribution facilities in becoming the most modern and efficient in the industry; a vigorous campaign to reduce costs was maintained; computer programming was expanded and use of computers was extended into many new areas of the Company's operations; new market planning and business research projects were keyed to take advantage of changing market conditions.

Our Company carried out the largest capital expenditure program in its history in 1966, and this money was widely distributed among all of the Company's product divisions.

All of these investments fulfilled one or more of the following criteria: that the project offer a particularly good return; that it provide especially needed production capacity; that it strengthen distribution, or that it launch the Company into new markets.

Major emphasis was placed during 1966 on developing increased capacity. Passenger tire production was expanded in New Toronto and Toronto, Ontario; Medicine Hat, Alberta; and Valleyfield, Quebec; truck tire production was expanded at New Toronto, Ontario; and a new truck tire plant is now being completed in Valleyfield, Quebec; earthmover-type tire and the larger rear farm tire facilities were expanded in New Toronto; and a new earthmover tire plant is under construction at Valleyfield, Quebec.

A new plant started production in Owen Sound, Ontario, and is producing molded polyurethane foam items for the automotive industry — seat cushioning, seat backing, bucket seats, padded instrument panels and other interior trim items. In another new plant, now being completed in Collingwood, Ontario, all kinds and types of industrial hose will be manufactured.

Production expansions also include a sizeable increase in the production of all kinds of belts and belting, including the first steel cable belt facility in Canada at Bowmanville, Ontario. Other expansions included additional capacities for molded goods and shoe products at Quebec City and for the increasingly popular Vytacord polyester tire fabric in St. Hyacinthe, Quebec.

Another highlight in your Company's program in 1966 was the gain made in distribution in many areas. Many existing outlets were modernized and expanded. In addition, new warehouses, stores and dealers were acquired, enabling us to give improved service in growing markets and exposure to diversified markets.

Your Company, last year, supplied a record volume of tires to automotive manufacturers thereby assisting that industry in achieving its production targets under the Canadian-U.S. Automotive Tariff Agreement. New volume records were also established in the replacement market.


These soaring markets brought about the heaviest demands for Goodyear products in the Company's history, and this challenge was met by supplying the finest and safest lines of tires and other products ever produced in our factories.

Other product divisions also experienced sales that were largely limited only by ability to produce.

The record-breaking year just completed could not have been possible without the dedicated spirit and teamwork of some 7,000 employees country-wide, backed by the finest dealer organization in the industry. We foresee continuing growth in every area of our business, and our facilities, products, organization and distribution have been conditioned to take advantage of the tremendous markets that lie ahead.

We have great confidence in our people. They have enthusiasm, momentum and ability to move the Company even further ahead in 1967.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "L. Spencer", written in a cursive style.

February 7, 1967.

President and General Manager.



# THE GOODYEAR TIRE & RUBBER COMPANY OF

## Consolidated Balance Sheet

### Assets

	DECEMBER 31	
	1966	1965
CURRENT ASSETS:		
Cash.....	\$ 271,746	\$ 693,256
Accounts receivable, less provision for bad debts — 1966 — \$1,438,508; 1965—\$1,368,508.	26,756,197	19,717,855
Inventories at lower of cost or market	36,025,378	31,074,252
TOTAL CURRENT ASSETS.....	63,053,321	51,485,363


### INVESTMENTS AND OTHER ASSETS:

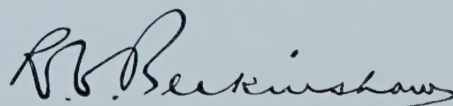
Miscellaneous investments, at cost or less.....	898,436	1,109,903
Deferred charges to future operations	73,619	146,452
	972,055	1,256,355

### PROPERTIES AND PLANTS:

Land, buildings, machinery and equipment, at cost.....	86,618,662	70,958,132
Less — Depreciation.....	52,906,877	49,764,643
	33,711,785	21,193,489
	\$97,737,161	\$73,935,207

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

# NADA, LIMITED AND SUBSIDIARY COMPANIES

## Liabilities

	DECEMBER 31	
	1966	1965
CURRENT LIABILITIES:		
Bank loans and overdrafts.....	\$26,670,679	\$10,964,226
Accounts payable and accrued liabilities	14,085,540	11,263,237
Income and other taxes payable.....	1,917,021	895,451
Dividend payable on preferred shares. . . .	63,816	64,742
TOTAL CURRENT LIABILITIES.....	42,737,056	23,187,656
FUNDED DEBT OF SUBSIDIARY.....	547,000	600,000
DEFERRED INCOME.....	1,086,417	1,132,485
DEFERRED INCOME TAXES.....	2,676,871	967,184
SHAREHOLDERS' EQUITY:		
Capital stock:		
4% cumulative redeemable sinking fund preferred shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized, issued and outstanding — 1966 — 127,631 shares; 1965 — 129,483 shares.....	6,381,550	6,474,150
Common shares, no par value:		
Authorized — 290,660 shares; issued and outstanding — 257,260 shares.....	128,630	128,630
Capital surplus.....	692,350	692,350
Retained earnings.....	43,487,287	40,752,752
	50,689,817	48,047,882
	\$97,737,161	\$73,935,207

## Consolidated Profit and Loss Statement

	YEAR ENDED DECEMBER 31	
	1966	1965
Profit from operations before providing for depreciation and income taxes. . .	\$12,665,396	\$ 8,591,516
Income from investments. . . . .	46,420	39,104
	<u>12,711,816</u>	<u>8,630,620</u>
Deduct:		
Provision for depreciation. . . . .	4,225,032	3,956,102
Provision for income taxes:		
Current. . . . .	2,243,354	1,880,989
Deferred. . . . .	1,709,687	511,784
	<u>8,178,073</u>	<u>6,348,875</u>
Net profit for the year. . . . .	<u>\$ 4,533,743</u>	<u>\$ 2,281,745</u>

## Consolidated Retained Earnings Statement

	YEAR ENDED DECEMBER 31	
	1966	1965
Balance at beginning of year. . . . .	\$40,752,752	\$40,273,903
Net profit for the year. . . . .	4,533,743	2,281,745
	<u>45,286,495</u>	<u>42,555,648</u>
Deduct:		
Dividends:		
On 4% preferred shares. . . . .	255,648	259,336
On common shares. . . . .	1,543,560	1,543,560
	<u>1,799,208</u>	<u>1,802,896</u>
Balance at end of year. . . . .	<u>\$43,487,287</u>	<u>\$40,752,752</u>

## Notes to Consolidated Financial Statements

1. The accounts receivable at December 31, 1966 include \$2,212,409 due from affiliated companies and \$1,195,633 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Certain store and warehouse properties are leased at minimum annual rentals which total \$1,391,543 for 1967. Most of the leases may be renewed by the Company on expiry.
3. An amount of \$150,000 has been provided in 1966 against investments.



## Consolidated Statement of Funds

	YEAR ENDED DECEMBER 31	
	1966	1965
SOURCE OF FUNDS:		
Net profit from consolidated profit and loss statement.....	\$ 4,533,743	\$ 2,281,745
Expenses not requiring a current outlay of funds —		
Depreciation.....	4,225,032	3,956,102
Deferred income taxes.....	1,709,687	511,784
Total from operations.	10,468,462	6,749,631
Property disposals, etc.....	670,157	4,127,357
	<u>11,138,619</u>	<u>10,876,988</u>
APPLICATION OF FUNDS:		
Dividends.....	1,799,208	1,802,896
Capital expenditures for properties and plants.....	17,228,253	7,976,327
Preferred shares redeemed.....	92,600	84,050
	<u>19,120,061</u>	<u>9,863,273</u>
Decrease (Increase) in working capital.	<u>\$ 7,981,442</u>	<u>\$ (1,013,715)</u>

## Auditors' Report

PRICE WATERHOUSE & CO.

55 Yonge Street  
Toronto 1

January 24, 1967

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1966 and the consolidated statements of profit and loss, retained earnings and funds for the year then ended. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the companies as at December 31, 1966 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Price Waterhouse & Co.*  
Chartered Accountants

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## Products

Tires and Tubes (*Passenger, Truck, Trailer, Farm, Industrial, Airplane and special purpose*) ☐ Retread and Repair Materials ☐ Batteries ☐ Automotive Accessories ☐ V-Belts ☐ Belting ☐ Hose ☐ Foam Automotive Products ☐ Special Industrial Products ☐ Textiles ☐ Molded Goods ☐ Plastic Packaging Films ☐ Pliobond\* Adhesive ☐ Aviation Products ☐ Neolite\* and Vinabond\* Soles ☐ Rubber Soles and Heels ☐

\*Registered Trademark

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## General Offices

TORONTO, ONT.

## Factories

TORONTO, ONT. (2)  
BOWMANVILLE, ONT. (2)  
COLLINGWOOD, ONT.  
OWEN SOUND, ONT.  
ST. HYACINTHE, QUE.  
QUEBEC CITY, QUE.  
VALLEYFIELD, QUE.  
MEDICINE HAT, ALTA.

## Wholesale Distributor

ST. JOHN'S, NFLD.  
A. E. Hickman Company Limited

## Branches

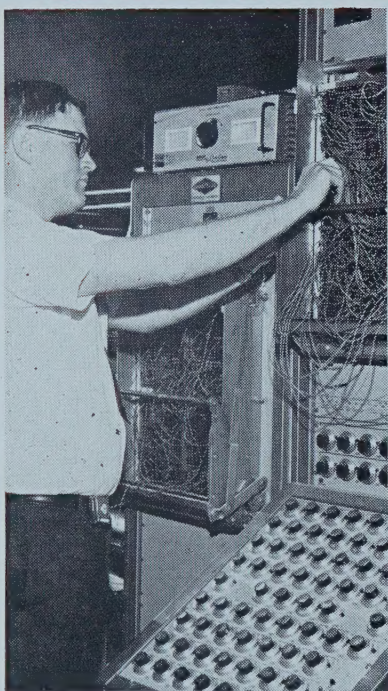
MONCTON, N.B.  
607 St. George St.  
QUEBEC CITY, QUE.  
1225 Charest Blvd., West  
MONTREAL, QUE.  
5700 Cote de Liesse Rd.  
TORONTO, ONT.  
650 Kipling Ave. South, Toronto 18  
WINNIPEG, MAN.  
1725 Sargent Avenue  
REGINA, SASK.  
2410 Dewdney Ave.  
SASKATOON, SASK.  
2035 First Ave. North  
CALGARY, ALTA.  
238 - 11th Ave., S.E.  
EDMONTON, ALTA.  
11330 - 143rd St.  
VANCOUVER, B.C.  
2625 Rupert Street





# ***BUILDING...***

# ***GROWING...***



Electronic programmer accurately controls proportions of chemicals and amount of mix fed to seating molds at Owen Sound molded urethane products plant, where 13 types of automobile and truck foam seat cushions are manufactured. The plant also produces five types of padded instrument panels.

## ***Owen Sound plant exemplifies Goodyear progress and growth***

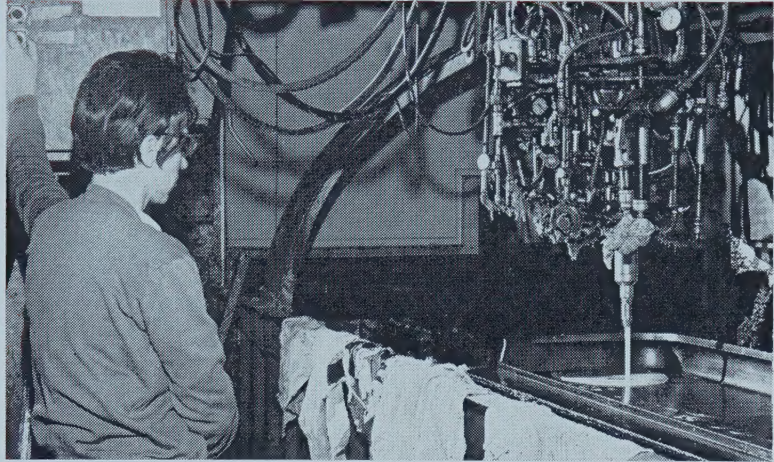
### **Capital improvement at all-time high**

Nineteen sixty-six was a significant year for Goodyear-Canada. It saw:

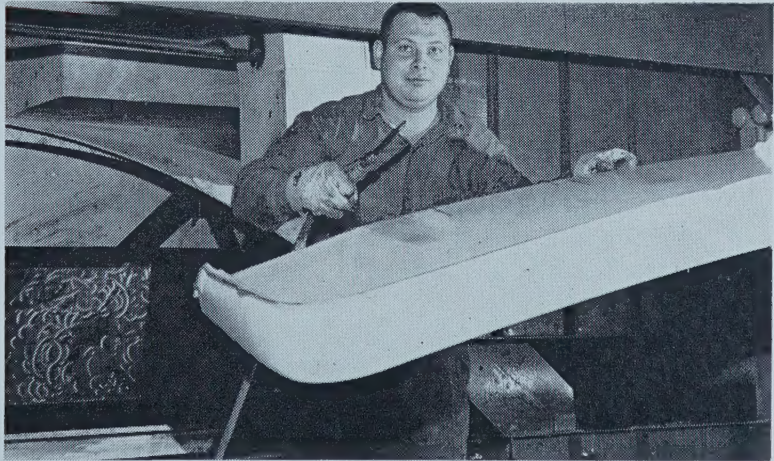
- the opening of a plant at Owen Sound, Ontario, to manufacture urethane automobile and truck seat cushions and padded instrument panels;
- the completion of a truck tire plant at Valleyfield, Quebec, where the province's first truck tire was produced;
- the construction start on a \$3,000,000 hose plant at Collingwood, Ontario, and an earth-mover tire plant at Valleyfield;
- the installation at the Bowmanville, Ontario, industrial products plant of a new conveyor belt press, which will increase production by 25 per cent;
- the manufacture, at New Toronto, Ontario, of Canada's first radial-ply tire;
- the incorporation of polyester fibre into two more lines of replacement tires.

President and General Manager L. E. Spencer said 1966 was a record year for capital improvement. "The organization is in high gear", he told the last quarterly management meeting.





Urethane in liquid form is poured into mold through maze of tubing and hose. Pour is controlled by programmer to assure proper mix and amount. Mold is then conveyed through oven where heat causes foaming action.



Seat cushion is stripped from mold as it emerges from oven. It then goes to trimming and inspection, where it must meet Goodyear standards. The plant produces 3,600 cushions per day, including bucket seat type, and 1,200 padded instrument panels.

